

UNITED PRESS INTERNATIONAL
17 August 1985

LIDDY SPILLS WATERGATE-ERA TRICKS TO TAX COURT
MINNEAPOLIS, MN

G. Gordon Liddy, the ex- CIA operative who zipped his lips during the Watergate trials, opened up recently when the Internal Revenue Service took him to tax court, the Minneapolis Star and Tribune reported Saturday.

Refuting an IRS claim he owed more than \$150,000 in back taxes and penalties, Liddy detailed how he spent more than \$340,000 as director of covert activities for President Nixon's 1972 campaign, the newspaper said in a copyright dispatch from Washington.

Judge Samuel Sterrett later ruled Liddy owed taxes on \$45,630 rather than the IRS figure of \$176,800 and rescinded a \$51,766 fraud penalty imposed by the IRS.

Sterrett said he believed Liddy's testimony, even though he had shredded most of the supporting evidence after the Watergate break-in.

Liddy, who spent 4 years in prison for his part in the Watergate break-in, told of expenditures ranging from \$30,000 for a sophisticated room bugging device to \$300 for cruel political cartoons of Sen. Edward Kennedy, D-Mass., drawn by a CIA artist.

Many of the tactics were as unsuccessful as they were bizarre. The expenditures included:

- \$500 for photos of Kennedy sailing near Hyannis Port, Mass., days after the Chappaquiddick car accident that resulted in the death of a woman in the senator's car. Liddy hoped to make Kennedy look heartless, he said.

- \$2,270 to hire prostitutes at the Miami convention. The prostitutes were instructed to engage mid-level Democratic officials in intimate conversations about political strategy.

- \$500 paid to Nixon campaign employee Donald Segretti for a dirty trick on Maine Senator Edmund Muskie's campaign. Liddy also gave his operatives \$2,200 to lease office space adjacent to Muskie's headquarters.

'We considered Senator Muskie to be a formidable candidate and a real threat ...' Liddy told the tax court.

He said the same of Kennedy.

'(Our) perception at the time (was) that if Senator Kennedy, virtually up to the day before the convention, had said to the Democratic Party, 'I would like the nomination,' because of what had happened to his two brothers he might very well have gotten it.'